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SENSITIVE

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SUBJECT: INDIAN HIGH COMMISSION TAKE ON INDO-LANKA FREE TRADE AGREEMENT EXPANSION

REF: COLOMBO 1704

[1](#)1. (U) THIS TELEGRAM IS SENSITIVE BUT UNCLASSIFIED, PLEASE HANDLE ACCORDINGLY

[1](#)2. (SBU) On October 7, 2003, Econchief met with Mr. Venkatesan Ashok, Commercial Counselor at the Indian High Commission. Ashok discussed preparations for the Sri Lankan PM's trip to New Delhi the week of October 20. In bilateral meetings just completed in Kandy, Sri Lanka's second largest city, the GOI and the GSL reportedly agreed on a framework for pursuing an Economic Partnership Agreement (EPA). This agreement would broaden the Indo-Lanka Free Trade Agreement beyond trade in goods to include trade in services, investment promotion and increased economic cooperation.

[1](#)3. (SBU) Ashok thought that the joint commission that had been appointed to prepare the framework for EPA negotiations would finalize its report in time for PM Wickremesinghe and PM Vajpayee to approve it in their joint statement during Wickremesinghe's October visit to India. This approval would then launch formal negotiations, which Ashok thought would last 4-6 months. Ashok said India had recently begun wrapping up negotiations on a similar agreement with Singapore. The negotiations on that front took almost 11 months. The Singapore negotiations, however, provide a framework agreement that the GOI and GSL can use in their discussions.

[1](#)4. (SBU) Comment: We find this information interesting in light of TIFA planning and the potential for a US-Sri Lanka FTA. Much as the GSL has done with its analysis of the Singapore and Chile FTAs, they seem to be pursuing a similar strategy with the GOI, piggy-backing on the GOI-Singapore EPA as a model. Further, Ashok never mentioned the rancor in Cancun and gave no indication that Sri Lanka's siding with the USG in Mexico would have any bearing on the progress of a potential GOI-SL EPA. As we reported reftel, the GSL's Commerce Minister discussed the GSL's WTO position with the GOI in Cancun and felt the GOI understood its position. The Commerce Ministry's Acting Director General told Econchief on October 8 that India seems unconcerned about the GSL's stance in Cancun and that the G-23 already appears fragile. End Comment.

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